# GOVERNMENT OF INDIA
# POWER
# LOK SABHA

UNSTARRED QUESTION NO:3799
ANSWERED ON:22.03.2001
PROFIT EARN BY PRIVATE SECTOR
NAWAL KISHORE RAI;ZORA SINGH MANN

**Will the Minister of POWER be pleased to state:**

(a) whether power generation companies in private and public sectors in the country which have been permitted by the Government to earn 16% profit on their capital cost; and

(b) if not, the percentage of profit they are permitted to earn thereon?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRIMATI JAYAWANTI MEHTA )

(a) & (b) : The two part tariff notification issued by the Government of India (GOI)on 30.3.1992 in exercise of powers conferred by sub-section (2) of Section 43A of the Electricity (Supply) Act, 1948, allows a return of upto 16% on equity (paid up and subscribed) at normative levels of operation i.e. 68.5% Plant Load Factor (PLF) togenerating companies in the private sector for power projects set up by them. For generation beyond this level, incentive at negotiated rates subject to a ceiling of 0.7% of equity (paid up and subscribed), for each percentage increase in PLF is allowed.